

Message Text

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43

ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ADP-00 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 L-03 SS-15 NSC-10

PA-03 PRS-01 USIA-12 RSR-01 /112 W

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P R 021557Z JUL 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 1462

AMEMBASSY ATHENS

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

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E.O. 11652: N/A

TAGS: ETRN, XR

SUBJ: CIVAIR: ECAC RESOLUTION ON NORTH ATLANTIC FARES AND RATES

REF: STATE 126207 (NOTAL)

1. SUMMARY: AT CLOSING PLENARY MEETING JUNE 30 AT
ECAC TRIENNIAL SESSION IN STRASBOURG, RESOLUTION WAS
UNANIMOUSLY ADOPTED CRITICAL OF US FOR APPLICABILITY JUNE 13
PRICE FREEZE TO NORTH ATLANTIC FARES AND RATES, NOTABLY
SCHEDULED JULY 1 INCREASE IN PEAK SEASON WESTBOUND FARES.
RESOLUTION EXPRESSES CONCERN OVER LACK PRIOR CONSULTATION
AND ALLEGED CONFLICT WITH EXISTING BILATERAL AGREEMENTS
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AND CALLS ON USG TO ENSURE COMPLIANCE INTERNATIONAL

COMMITMENTS RE THESE FARES. SEVERAL DELEGATIONS INDICATED TO US OBSERVERS LIKELIHOOD OF FOLLOW-UP BILATERAL APPROACHES TO US, WITH SOME NOT EXCLUDING FURTHER POSSIBILITY THEIR GOVERNMENTS MIGHT DISAPPROVE NEW FARE FILINGS BY PANAM AND TWA.

2. AT CLOSING PLENARY MEETING JUNE 30 OF ITS TRIENNIAL SESSION IN STRASBOURG, EUROPEAN CIVIL AVIATION CONFERENCE (ECAC) ADOPTED UNANIMOUSLY RESOLUTION CRITICAL OF US COST-OF-LIVING COUNCIL DECISION NOT TO EXEMPT NORTH ATLANTIC AIRLINES PASSENGER FARES AND CARGO RATES FROM JUNE 13 PRICE FREEZE ORDER. TEXT OF RESOLUTION, WHICH ECEC TELEGRAPHED DIRECTLY TO CAB CHAIRMAN TIMM ON JUNE 30, READS AS FOLLOWS:

"THE CONFERENCE, HAVING BEEN INFORMED THAT A RECENT DECISION BY THE UNITED STATES COST-OF-LIVING COUNCIL WILL AFFECT THE ALREADY APPROVED AIR FARES AND RATES STRUCTURE ON THE NORTH ATLANTIC,

1) EXPRESSES ITS CONCERN AT THIS ACTION, WHICH WAS TAKEN WITHOUT PRIOR CONSULTATION AND CONFLICTS WITH EXISTING AGREEMENTS BETWEEN THE UNITED STATES GOVERNMENT AND GOVERNMENTS OF ECAC MEMBER STATES; AND

2) CALLS UPON THE UNITED STATES GOVERNMENT TO TAKE SUCH ACTION AS WILL ENSURE COMPLIANCE WITH ITS INTERNATIONAL COMMITMENTS WITH REGARD TO NORTH ATLANTIC FARES AND RATES."

3. RESOLUTION WAS CO-SPONSORED BY DELEGATIONS OF BELGIUM, FRANCE, FEDERAL REPUBLIC, ITALY, NETHERLANDS, NORWAY, PORTUGAL AND U.K. TEXT WAS WORKED OUT AT MEETING OF HEADS OF DELEGATIONS FROM FOURTEEN ECAC MEMBER STATES FOLLOWING CONFIRMATION BY US OBSERVER DELEGATION OF COST-OF-LIVING COUNCIL DENIAL OF CAB'S REQUEST FOR EXEMPTION SEASONAL INCREASE IN NORTH ATLANTIC FARES AND RATES FROM FREEZE ORDER AND INDICATION CAB STAFF INTERPRETATION OF IMPLICATIONS THAT DECISION (REFTEL). CLARIFICATION HAD BEEN FORMALLY REQUESTED BY ECAC PRESIDENT WINBERG (SWEDEN) DURING MEETING OF ECAC EXECUTIVE COMMITTEE ATTENDED BY US OBSERVER DELEGATION JUNE 28, WHEN WINBERG HAD SAID MANY LIMITED OFFICIAL USE

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RUMORS CIRCULATING THIS SUBJECT AMONG DELEGATIONS WARRANTED EARLIER CLARIFICATION OF SITUATION.

4. ABRAHAM (FRANCE) PRIVATELY ASSURED US NO SPECIAL SIGNIFICANCE WAS TO BE READ INTO LIST OF CO-SPONSORS OF RESOLUTION. HE CLAIMED TEXT REFLECTED UNANIMOUS VIEWS ALL FOURTEEN DELEGATIONS, AND CONSCIOUS EFFORT HAD BEEN MADE TO ADAPT FAIRLY RESTRAINED LANGUAGE.

5. THERE WAS NO DISCUSSION OF RESOLUTION AT PLENARY MEETING BEYOND EFFORT DERENNE (BELGIUM) TO AMEND OPERATIVE PARA 1. HE PROPOSED PHRASE "IN ACCORDANCE WITH" IN LIEU OF "CONFLICTS WITH" ON GROUNDS THAT FREEZE ORDER WAS INITIATED NOT BY CAB BUT BY COST-OF-LIVING COUNCIL AND LATTER BODY WAS ITSELF UNDER NO OBLIGATION CONSULT WITH FOREIGN GOVERNMENTS UNDER US BILATERAL AIR TRANSPORT AGREEMENTS. ROGERS (UK) OBJECTED, ARGUING THAT BELGIAN AMENDMENT WOULD IMPLY ECAC CONCERNED ONLY WITH LACK PRIOR CONSULTATION. ON CONTRARY, ROGERS ARGUED, ECAC CONCERN WAS TWOFOLD: (A) ABSENCE PRIOR CONSULTATION, AND (B) CONFLICT OF US MEASURES WITH TERMS OF EXISTING BILATERAL AIR TRANSPORT AGREEMENTS. FOR MANY DELEGATIONS, ROGERS ADDED, SECOND OF ABOVE TWO POINTS WAS MORE SIGNIFICANT. WINBERG AS PRESIDING OFFICER AGREED ROGERS INTERPRETATION ACCURATELY REFLECTED TENOR OF SENTIMENTS AT HEADS OF DELEGATION MEETING. DERENNE THEREUPON WITHDREW HIS AMENDMENT IN VIEW EVIDENT LACK OF SUPPORT FOR ITS ADOPTION. US OBSERVER DELEGATION DID NOT PARTICIPATE IN DISCUSSION.

6. SEVERAL DELEGATIONS PRIVATELY INTIMATED TO US OBSERVERS STRONG LIKELIHOOD OF FOLLOW-UP DEMARCHES BY THEIR GOVERNMENTS IN CAPITALS OR IN WASHINGTON, AND SOME DELEGATES (EG, VERES OF PORTUGAL WHO IS ALSO NEW ECAC PRESIDENT AND ABRAHAM OF FRANCE) RAISED QUESTION OF POSSIBLE DISAPPROVAL BY SOME EUROPEAN GOVERNMENTS OF NEW FARES FILED WITH THEM BY PANAM AND TWA. ALONGSIDE LEGALISTIC ASPECTS OF WHAT THEY CONSIDERED TO BE LACK OF PRIOR CONSULTATION BY US UNDER EXISTING AIR TRANSPORT BILATERAL AGREEMENTS, ECAC DELEGATIONS AT STRASBOURG SHOWED MORE SERIOUS CONCERN OVER REVENUE LOSS TO CARRIERS DURING PEAK SEASON. VERES, FOR EXAMPLE, NOTED THAT TIMING OF COST-OF-LIVING COUNCIL LIMITED OFFICIAL USE

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DECISION JUST PRIOR SCHEDULED JULY 1 INCREASE WESTBOUND FARES MEANT SOME REVENUE LOSS WOULD BE INEVITABLE EVEN IF UNDER MOST FAVORABLE CONDITIONS COST-OF-LIVING COUNCIL COULD BE BROUGHT TO EARLY RECONSIDERING OF ITS DECISION.

DECONTROL FOLLOWING JANUARY 2, 1974. IRWIN

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